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Supreme Court, U.S.
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DEC 2 1988
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No. 88-755

In The

Supreme Court of the United States

October Term, 1988

ESTATE OF DEAN M. VANE,

Petitioner,

vs.

THE FAIR, INC., AND VANCE-MATHEWS, INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION TO CERTIORARI

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COUNTERSTATEMENT OF QUESTION PRESENTED

2. Was the Fifth Circuit Court of Appeals correct in its holding that Respondent/Appellee, Vance-Mathews, Inc., was an innocent infringer upon the copyrights of Petitioner/Appellant, the Estate of Dean M. Vane?[1]

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[1]Please note: Only Petitioner's Question 2 is germane to this Respondent.

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17 U.S.C. § 405(a) 2, 8

17 U.S.C. § 405(b) 2, 3, 5, 6, 7, 8, 9

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2 M. Nimmer, NIMMER ON COPYRIGHT: A TREATISE ON THE LAW OF LITERARY, MUSICAL AND ARTISTIC PROPERTY, AND THE PROTECTION OF IDEAS (1985) 5, 6

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OPINION BELOW

The opinion of the Fifth Circuit Court of Appeals is reported at 849 F.2d 186 and is attached to Petitioner's Petition as Exhibit A at page A 1.

JURISDICTION

The jurisdictional requisites are adequately set forth in the Petition for Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit ("the Petition").

STATUTES AND RULES OF PROCEDURE INVOLVED

17 U.S.C. §§ 405(a) and 405(b) provide:

§ 405. **Notice of copyright: Omission of notice**

(a) **Effect of omission on copyright.** The omission of the copyright notice prescribed by sections 401 through 403 from copies or phonorecords publicly distributed by authority of the copyright owner does not invalidate the copyright in a work if—

(1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or

(2) registration of the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or

(3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner's authorization of the public distribution of copies or phonorecords, they bear the prescribed notice.

(b) **Effect of omission on innocent infringers.** Any person who innocently infringes a copyright, in reliance upon an authorized copy or phonorecord from

which the copyright notice has been omitted, incurs no liability for actual or statutory damages under section 504 for any infringing acts committed before receiving actual notice that registration for the work has been made under section 408, if such person proves that he or she was misled by the omission of notice. In a suit for infringement in such a case the court may allow or disallow recovery of any of the infringer's profits attributable to the infringement, and may enjoin the continuation of the infringing undertaking or may require, as a condition of permitting the continuation of the infringing undertaking, that the infringer pay the copyright owner a reasonable license fee in an amount and on terms fixed by the court.

17 U.S.C. § 101 provides in pertinent part:

Definitions

As used in this title, the following terms and their variant forms mean the following: . . .

"Copies" are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The term "copies" includes the material object, other than a phonorecord, in which the work is first fixed.

A work is "fixed" in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. . . .

"Publication" is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution,

public performance, or public display, constitutes publication. A public performance or display of a work does not of itself constitute publication.

To perform or display a work "publicly" means—

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

—o—

COUNTERSTATEMENT OF THE CASE

Petitioner, Dean M. Vane, filed suit against Vance-Mathews, Inc., and The Fair, Inc., pursuant to Title 17 of the United States Code, which is the Copyright Act of 1976, alleging infringement of copyright. The case was tried to the court without a jury. At the close of Mr. Vane's case, the court rendered judgment in favor of Vance-Mathews, Inc., and dismissed his claim against Vance-Mathews with prejudice. At the conclusion of the case the court entered a judgment in favor of Mr. Vane against The Fair, Inc., and awarded him $60,000.

Mr. Vane subsequently perfected his appeal to the Fifth Circuit Court of Appeals. Following oral argument by counsel for the parties, the Fifth Circuit Court on July 14, 1988, rendered its decision affirming the actions of the

trial court and the court's finding that Vance-Mathews, Inc., was an innocent infringer upon Mr. Vane's copyright. Mr. Vane's Motion for Rehearing was denied on August 11, 1988.

———o———

REASONS FOR DENYING THE WRIT

The Petition sought by Vane should be denied because the Fifth Circuit Court of Appeals correctly upheld the trial court's judgment in favor of Vance-Mathews, Inc., based on Vance-Mathews' innocent infringer defense. Section 405(b) of the Copyright Act provides that a party desiring innocent infringer status must show innocent infringement in reliance upon an authorized copy which omitted the copyright notice and that the party was misled by the omission. 17 U.S.C. § 405(b) (1978). In *Canfield v. Ponchatoula Times*, 759 F.2d 493, 498 (5th Cir. 1985), the Fifth Circuit notes that § 405(b) avoids the "inequitable situation" which would result if an innocent infringer were held liable for damages. Accordingly, § 405(b) "removes liability for statutory and actual damages from innocent infringers who are misled by the lack of notice." *Id.* The statute thus encourages notice because it precludes copyright protection "when a good faith infringer can show reliance on lack of notice." *Canfield*, 759 F.2d at 499. Congress' intent in enacting the legislation which provides for the innocent infringement defense was set forth in a Congressional report discussing the Copyright Act:

> '. . . a person acting in good faith and with no reason to think otherwise should ordinarily be able to assume that a work is in the public domain if there is no no-

> tice on an authorized copy or phonorecord and that, if he relies on this assumption, he should be shielded from unreasonable liability.' H. Rep., p. 148.

2 M. Nimmer, NIMMER ON COPYRIGHT: A TREATISE ON THE LAW OF LITERARY, MUSICAL AND ARTISTIC PROPERTY, AND THE PROTECTION OF IDEAS (1985), at 7-102.3 n. 21.

The lower court record provides substantial evidence to support the district court's finding that Vance-Mathews' conduct in this case met the criteria of § 405(b) and that it should therefore be shielded from liability. Herschel Mathews, President of Vance-Mathews, Inc., testified that he had no knowledge that the slides in question were copyrighted. (Tr. 393-394). Mr. Mathews further testified that when Vance-Mathews produced the television commercials which contained the slides, he relied in good faith on the belief that he had the right to use them fully. (Tr. 396). He had no notice that any copyright was claimed in the slides. (Tr. 396). When The Fair, Inc., delivered the slides to Vance-Mathews, they did not contain a copyright notice. (Tr. 394). If copyright notice had been affixed to the slides, the Vance-Mathews agency would have determined whether any problems existed regarding the use of the slides. (Tr. 395).

Dean Vane's testimony provides further evidence that Vance-Mathews is an innocent infringer. Mr. Vane failed to affix notice to the slides he initially delivered to The Fair, Inc., some of which were later used in television commercials. During the trial Mr. Vane examined several exhibits, including fifty-eight boxes of slides and several photographs. (Tr. 96-97, 105, 107, 109). Mr. Vane testified that the slides and photographs were his work. (Tr.

96-97, 105, 107, 109, 145). However, neither the photographs nor the slides bore his usual copyright stamp. (Tr. 106, 109, 144-145). Mr. Vane admitted that he had produced thousands of slides and that his habit was to place his copyright stamp on all of his slides (Tr. 144-145), as well as his photographs (Tr. 144). His purpose in doing that was to place third parties on notice of his rights in the photographs. (Tr. 144). In this case he assumed that he had stamped the slides and photographs in question, but he admitted that he obviously made a mistake and did not. (Tr. 145). This testimony, as well as the testimony of Herschel Mathews, clearly established that Vance-Mathews relied in good faith on the omission of notice from Mr. Vane's work within the meaning of § 405(b) of the Copyright Act.

Petitioner argues that Vance-Mathews' reliance on the original slides was misplaced and caused it to lose innocent infringer status because the original slides were not published or publicly distributed and therefore not "authorized" under § 405(b). Petitioner's brief states that the lower court found the slides to be unpublished. However, Petitioner fails to recognize that the lower court made an alternative holding that Petitioner's publication of the slides in the mailers did not invalidate his copyright since he registered the copyright within five years of the publication without notice and made a reasonable effort to add notice to the remaining slides. In a finding of fact, the lower court stated that the slides were distributed to the public in advertising mailers. The definition of "publication" in the Copyright Act reinforces that the court's finding was correct. Section 101 of the Act states that ". . . the offering to distribute copies or phono-

records to a group of persons for the purposes of further distribution, public performance or public display constitutes publication. . . ." 17 U.S.C. § 101 (1978). Certainly Mr. Vane distributed the "copies" in question for purposes of further distribution when he sold them to The Fair, Inc., to be placed in mailers. As the Fifth Circuit noted, the term "copies" under § 101 includes the material object in which the work is first fixed (in this case, the original slides).

Nevertheless, even assuming that the slides were not "published," Petitioner provides no authority for his argument that the "authorized copy" to which § 405(b) refers means "published" copy. The case of *Twentieth Century-Fox Film Corporation v. Dunnahoo,* 637 F.2d 1338 (9th Cir. 1981), which is cited by Petitioner, does not stand for the proposition that one who relies on an unpublished or original work loses innocent infringer status; it does not even discuss the innocent infringement defense. Rather, *Dunnahoo* stands for the proposition that only an authorized publication must carry copyright notice in order for the work to maintain copyright protection. *Dunnahoo,* 637 F.2d at 1343. In this case, whether or not the slides were "published" is not the determining factor under § 405(b); the slides were "authorized" within the meaning of the statute since they were originals distributed to The Fair, Inc., by Petitioner himself. This is true even though Mr. Vane did not authorize the ultimate use of the slides in the television commercials.

Mr. Vane obviously recognized that his slides were publicly distributed within the meaning of § 405(a) when they were delivered to The Fair to be placed in the mail-

ers. He testified at trial that he habitually placed his copyright stamp on all of his original slides in order to give notice to third parties. However, in this case he made a mistake and did not place the requisite notice on the originals. (Tr. 145). He cannot now come before this Court claiming that Vance-Mathews relied on unauthorized copies or copies that were never publicly distributed.

As an innocent infringer under § 405(b), Vance-Mathews is liable only for any profits attributable to the infringement and not for actual or statutory damages. 17 U.S.C. § 405(b) (1978). Since Mr. Vane stipulated that Vance-Mathews had no profits attributable to the infringement (Tr. 393), the trial court correctly dismissed Mr. Vane's claim at the close of his case. Therefore, the Fifth Circuit's opinion affirming judgment in favor of Vance-Mathews, Inc., is in all respects correct and the Petition should be denied.

CONCLUSION

For these reasons, the Petition for a writ of certiorari should be denied.

Respectfully submitted,

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